



CJG 11/16

*National Association of
State Auditors, Comptrollers and Treasurers*

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December 16, 1997

Cynthia L. Johnson

Director, Cash Management Policy and Planning Division
U.S. Department of the Treasury, Room 420
401 14th Street, SW
Washington, DC 20227

**Re: 31 CFR Part 208, Management of Federal Agency Disbursements;
Proposed Rule**

Dear Ms. Johnson:

The National Association of State Auditors, Comptrollers and Treasurers (NASACT) represents the state fiscal officers and is a leader in the development of Electronic Benefit Transfer (EBT) systems in the states. NASACT values the opportunity to comment on proposed rule 31 CFR Part 208 and looks forward to continuing its ongoing partnership with the Department of Treasury in developing EBT systems across the country.

In the near future, billions of dollars will be distributed via EBT to millions of recipients of both state and federal benefits. As the representative organization of the state officials responsible for the efficient receipt and disbursement of these funds, NASACT monitors these issues closely. It is in this capacity that NASACT responds to the Financial Management Service's (FMS) notice of proposed rulemaking.

NASACT's goal is to improve the efficiency and effectiveness of government financial management. States recognize that EBT is a valuable tool to reach that goal. Converting from paper coupons and checks to EBT will result in lower issuance costs, better security for clients, and assist in the reduction of fraud. Therefore, NASACT is concerned that the liberal waiver policy included in Section 208.4 may substantially reduce the benefits of EBT implementation.

Several categories of recipients should be eligible for waivers. Hardships related to physical, geographical, or other factors as outlined in Section 208.4(a), (c), (d), (e) are not in question. However, the proposed rule would allow recipients without bank accounts to opt out of EBT if they self certify that it would impose a financial hardship. This would be bad policy for several reasons. First, it would require that large duplicative paper check and EBT systems be maintained at great expense. Second, it does not consider the value of the security associated with EBT that does not exist for those cashing checks. Third, it does not motivate recipients without bank accounts to open accounts and join the "banked" mainstream of society, one of the original goals of EBT. Fourth, self certification may reduce the federal government's paper flow, but would allow recipients to receive waivers without proper justification.

Waivers for reasonable cause should be part of the EBT system. However, the waiver proposal outlined in 31 CFR Part 208 is too broad and will result in unnecessary expenses for the federal government's EBT program. Those recipients who are physically able and reside within an area adequately serviced by banks should be required to participate in EBT.

If NASACT may be of assistance in this matter, please contact Stephen Kenneally in the NASACT Washington office at (202) 624-5451.

Sincerely,

Handwritten signature of Robert L. Childree in cursive script, followed by the initials "SKK".

Robert L. Childree

Comptroller, State of Alabama

Chair, NASACT Intergovernmental Financial Management Improvement Committee